

British Columbia Packers Limited

Present Company and Predecessors have Operated
Continuously since 1876

PACKERS OF



"CLOVER LEAF"

and other well known brands

CANNED SALMON, PILCHARDS, HERRING, OYSTERS AND CLAMS
FRESH, FROZEN, MILD CURED AND SMOKED FISH PRODUCTS
EDIBLE FISH MEALS AND OILS

Fifteenth Annual Report

FOR THE FISCAL PERIOD ENDED
APRIL 30, 1943



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CLOVER LEAF SEA FOODS

British Columbia Packers Limited

BOARD OF DIRECTORS

J. M. BUCHANAN
F. E. BURKE
STANLEY BURKE
J. H. COPEMAN
GORDON FARRELL
J. H. GUNDY
GEORGE KIDD
H. R. MACMILLAN
J. S. McLEAN
J. P. D. MALKIN
A. HOWARD SPOHN
AUSTIN C. TAYLOR
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A. H. WILLIAMSON

OFFICERS

H. R. MACMILLAN, *President*
STANLEY BURKE, *Vice-President*
J. M. BUCHANAN, *Vice-President and General Manager*
S. K. MURRAY, *Assistant General Manager*
R. E. WALKER, *Production Manager*
C. B. POWELL, *Sales Manager*
G. M. FERGUSON, *Comptroller*
A. HAMILTON, *Secretary-Treasurer*

REGISTRAR AND TRANSFER AGENT

The London & Western Trusts Company Limited
Toronto and Vancouver, Canada

Co-Transfer Agent

Chartered Trust and Executor Company
Montreal, Canada

Auditors

Price, Waterhouse & Co.

Report of Directors

To the Shareholders

BRITISH COLUMBIA PACKERS LIMITED:

Your Directors submit herewith the Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss and Earned Surplus Account of the Company as at April 30th, 1943.

The Profit and Loss Account shows a net profit of \$308,043.54 after depreciation and income taxes. This represents 2.6% of the value of net sales or 16.9 cents per hundred pounds of raw products handled.

The comparative figures below show the net sales and the distribution of net proceeds from the sale of products in the financial years ended April 30th, 1940, 1941, 1942 and 1943:

	1940		1941		1942		1943	
Net Sales	\$ 6,190,953	100%	\$ 7,852,985	100%	\$12,212,296	100%	\$11,936,481	100%
DISTRIBUTION OF SUCH PROCEEDS:								
Paid to Fishermen and Employees	2,961,776	47.8	3,969,285	50.5	6,565,395	53.8	7,276,921	60.9
Paid for supplies and miscellaneous services ..	2,204,798	35.6	3,235,188	41.2	4,334,683	35.4	3,353,834	28.1
Depreciation (a source of capital for maintenance and renewals of fleet and plants) ..	263,812	4.3	287,256	3.7	289,859	2.4	332,423	2.8
Provision for Dominion and Provincial Taxes before deducting refundable proportion	369,935	6.0	154,404	2.0	598,849	4.9	665,260	5.6
Remainder accumulated by the Company as earnings for the maintenance of the business and ultimate benefit of Shareholders ..	390,632	6.3	206,852	2.6	423,510	3.5	308,043	2.6
	<u>\$ 6,190,953</u>	<u>100%</u>	<u>\$ 7,852,985</u>	<u>100%</u>	<u>\$12,212,296</u>	<u>100%</u>	<u>\$11,936,481</u>	<u>100%</u>

The great increase in the total amount of money paid to fishermen and employees is striking evidence of the important function performed by the company's plants, fleet and skilled organization in providing employment and income for many residents on British Columbia's coast.

PRODUCTION:

The 1942 pack of canned salmon in British Columbia was 1,806,009 cases. While this total was 19.6% less than in 1941, it was larger than in any other year since 1936 and has been exceeded only five times in the history of the industry. The sockeye pack, totalling 665,059 cases, was the largest quantity of sockeye canned in any year since 1913, the most notable feature being the extremely large run in the Fraser River. The pack of other varieties of canned salmon was less than the previous year.

The pack of canned herring for the Province was 1,237,161 cases or 20.9% less than the previous year when 1,563,628 cases were canned. The run of herring was disappointing, particularly in districts where large herring oil and meal productions were anticipated, resulting in a marked decrease in oil and meal output.

The Provincial canned pilchard pack was much lower than the previous year, only 24,012 cases being canned compared with 58,038 cases in 1941. Pilchard oil and meal production also declined from the previous year.

A continued demand for Vitamin A oils encouraged a somewhat higher production of greyfish liver oils than last year.

The quantity of fresh and frozen fish handled during 1942 was greater than in the previous year.

WORKING CAPITAL:

Current and Working Assets amount to \$3,599,389.96.

Inventories of products include no canned salmon, all salmon having been invoiced prior to April 30th. This situation is unique in the history of the Company.

As at April 30th, 1943, there were no bank loans; cash at banks, on hand and in transit totalled \$719,733.43. During the year \$50,000.00 First Mortgage Bonds were redeemed, the bill payable of \$179,020.66 secured by Second Mortgage Debentures was retired, and a dividend payment of \$102,209.25 was made. A net expenditure of \$227,229.72 in Capital Assets was incurred during the past year. Nevertheless Working Capital was \$84,014.20 more than at the end of the previous financial year.

CAPITAL ASSETS:

A serious loss was sustained by the Company when the Wadhams Plant was totally destroyed by fire last August. Some rebuilding has been done to provide facilities essential to the fishing operations in that area.

A valuable unit in the Company's fleet, the M.V. "Algic", was sunk in collision with another vessel early this year.

Two modern 78-foot seine boats, designed for pilchard and herring fishing, which constitute a valuable addition to the Company's fleet, were built during the year under the Government Subsidy scheme. These units and all other interests at risk are carefully insured. Fifteen smaller boats and seven scows were added to the salmon fleet.

Engines were purchased for proposed additions and replacements.

New freezers were installed in the cold storage plant in the City of Victoria.

Our herring canning unit at Imperial Plant was remodelled and increased in capacity. Lift trucks and carriers were purchased for our large storage warehouse at that plant.

The Company's plants and fleet were maintained to their usual standard of efficiency.

Profits on disposals of Capital Assets amounting to \$50,804.16 were credited to Reserve for Depreciation during the year ended April 30th, 1942. This sum was transferred to Capital Surplus as at April 30th, 1943, together with an additional sum of \$72,818.87 realized from similar sources during the year.

DIVIDEND:

Your Directors decided to inaugurate a policy of half-yearly dividends rather than annual dividends. It is expected that dividends when declared will be payable in the months of March and September. At the last dividend date, March 15th, 1943, there were 1,262 Shareholders of whom 1,206 were in Canada.

BOND ISSUE:

The First Mortgage Bonds of the Company as shown on the attached Balance Sheet were called for redemption in full as of July 15th, 1943. No bonds were converted into common shares. This redemption will release the 31,500 treasury shares held against the conversion privilege. The item of Deferred Charges of \$46,575.81 for Bond Discount and Expense shown in our Balance Sheet as of April 30th, 1942, was written off to Earned Surplus during the year under review.

DISPOSITION OF 1942 PACK:

The Dominion Government, acting in behalf of the British Ministry of Food, the Red Cross and other Agencies, purchased the entire canned salmon pack last season—also the entire pack of herring in oval cans. About 87,000 cases of tall herring were made available for sale on the Canadian market.

In order to keep our "Clover Leaf" brands before the consuming public the following policy was adopted:

A systematic National advertising campaign was maintained throughout Canada in newspapers and trade journals. Approximately 25,000 pictorial calendars, descriptive of the industry, were distributed to wholesalers, retailers and consumers. Contacts with wholesalers and retailers were continued by personal visits, letters and regular pack information. Contacts in export markets were maintained by correspondence.

GENERAL:

The removal of the Japanese from the coastal districts of the Province, occasioned by war with Japan, necessitated some adjustment of personnel in fishing and plant operations but no insurmountable difficulties were encountered. Despite the removal of the Japanese the number of fishing licences increased from 13,596 in 1941 to 15,379 in 1942.

Operations were handicapped by the further diversion of fishing vessels to naval and military use and by the continued need for men in the Armed Forces and other essential services but all such difficulties so far have been overcome.

To cope adequately with the abnormal run of sockeye in the Fraser River last year it was necessary to operate the Imperial Plant at Steveston night and day during the peak of the run. The volume of the run was such that we received at our Imperial Cannery in three days as many sockeye salmon as are received in a six weeks' period in a normal season. Processing this extraordinary volume of fish day by day as received was accomplished only by the splendid efforts of the Company's employees together with a large number of friends who volunteered their services.

IMMEDIATE OUTLOOK FOR PRODUCTS:

Canned Salmon

The Dominion Government has stated that it will release from the 1943 pack for Canadian consumption 200,000 cases of canned salmon but details of this distribution have not yet been arranged. This is about one-third of the pre-war annual Canadian consumption. The remainder of the canned salmon pack will be purchased by the Dominion Government for the British Ministry of Food, the Red Cross and for other Dominions.

Canned Herring

The Dominion Government has stated its intention to purchase for the British Ministry of Food the entire pack of canned herring in oval cans. The major part of the herring pack in one-pound talls will be available for Canadian consumption.

Meal and Oil

The supply of protein cattle food is so short that the Dominion Government has requested a maximum production of all fish meals as these products rank high in protein. Fish oils are also in strong demand. Prices of both

products are fixed and distribution is arranged through the Governmental Agencies. Previously about 90% of our meal was marketed in the United States at higher prices than are now obtainable in Canada. The Industry is asking assistance from the Dominion Government on meal prices to offset the loss of the U.S. market as the higher American market prices were used as the basis in reaching our price agreements with the fishermen last year. This request is particularly pertinent to the herring operations in the Northern waters where the oil yield is low, making the operations practically dependent on the meal output. The market price in the United States in Canadian Funds is approximately 27% higher than the price in Canada.

Fresh and Frozen Fish

The Company has strengthened its position in this important branch of the Industry. Lower ceiling prices in Canada have forced much of the fresh product into the United States markets. Prices have been widely erratic and some remedial control measures would seem necessary.

PRESENT RUN:

To date the various runs of salmon have been extremely disappointing. As at July 31st, 1943, the total pack was only 70% of last year and 82% of the cycle year at the same date. The pilchard catch is normal. As the herring season does not get under way until October, it is too early to comment on the outlook.

INDUSTRIAL RELATIONS:

The Company has negotiated five Union agreements with its plant workers for this season and a sixth is in course of arbitration. The labour available for our plants is considered adequate for a normal volume of production.

The prices for herring and pilchards have been arranged with the fishermen on the same basis as last season. Agreements with our salmon fishermen have also been concluded on the same basis as last year. The prices for salmon set out therein are minimum prices. Although the price of our finished product for Canadian consumption is fixed by Government Order, the price to the fishermen is not similarly fixed. On May 12th, 1943, Price Fixing Order No. A-723 was issued by The Wartime Prices and Trade Board fixing prices to both fisherman and processor for salmon for canning purposes only. After strong protest by the fishermen and with the agreement of the operators, the price to the fishermen was deleted from the Order. It is felt by the Industry generally that if the Order in a draft form had been submitted to the fishermen and the operators jointly that the unworkable features of the original Order A-723 could have been eliminated and the price fixing policy of the Government maintained. As mentioned above, our agreement with the fishermen for salmon for canning purposes is again on a minimum basis and present competitive conditions tend to increase the cost of fish to the canning companies.

Although one hesitates to criticise during periods of pressure on Government Departments, it is perhaps proper to register the feeling held very strongly on the Pacific Coast that insufficient contact and consultation has been maintained by authorities in Ottawa with the fishermen and operators on the British Columbia Coast, which produces about 50% of the total value of the annual fish crop of Canada. Orders and regulations which vitally affect production continue to be issued without consultation with the Industry which is endeavouring to co-operate in every way for an all-out food production effort.

The Company recognizes the importance of its business which consists of the catching of fish, processing of these fish for the most urgent needs, and delivering the final products to the various markets. The Company has therefore endeavoured to maintain its plants and boats in a high state of efficiency and also to service its fishing organization by anticipating their needs in the way of supplies, providing transportation equipment, ice and other necessary facilities, all of which are difficult to arrange in days of scarcities and priorities. The nature of the fishing industry is such that surplus plant capacity and facilities are necessary to accommodate peak productions which come irregularly but which are vital to the earnings of fishermen and packers alike. This is particularly true when such extraordinary runs occur as in the Fraser River area last year. The support that the Company has received indicates that the majority of the fishermen appreciate the value of these services. Our ability to service peaks of production, which is important under normal conditions in the handling of such a perishable food product as fish, is magnified in wartime if the Nations' food supply is to be maintained.

Last September the Company, through a group policy, made available to its employees Life Insurance of \$1,000.00 for single employees and \$2,000.00 for married employees. The cost to the employee is \$6.00 per thousand per annum. The residual cost is borne by the Company.

The loyalty and resourcefulness of our fishermen and employees in meeting innumerable daily problems contributed much to our success. I am confident that they can be relied upon to surmount any difficulties which may have to be met this year.

Respectfully submitted,

H. R. MacMILLAN,

President.

August 4th, 1943.

British Columbia and Subsidiaries

Consolidated Balance Sheet

ASSETS

CURRENT AND WORKING ASSETS:

INVENTORIES—

Canned herring, clams, anchovies, meal and oil, fresh and frozen fish, etc.
on hand and on consignment, valued on the basis of (a) amount sold
under sales contracts at net selling value, (b) remainder at cost
(excluding depreciation) or market value, whichever is lower..... \$ 491,383.14

Store merchandise, cans and boxes, new nets, packing materials, etc.—at
cost or market, whichever is lower..... 1,286,003.65

Used nets, fishing and operating supplies—as valued by the management..... 187,564.10

\$ 1,964,950.89

Unexpired insurance and prepaid items..... 22,963.98

SUNDRY DEBTORS—

Bills and accounts receivable, advances to fishermen and others, secured
and unsecured—less reserve..... 891,741.66

Cash at banks, on hand and in transit..... 719,733.43 \$ 3,599,389.96

DEFERRED ASSET:

Estimated refundable portion of Excess Profits tax—per contra..... 82,475.00

CAPITAL ASSETS:

Freehold lands at 1938 assessed value..... \$ 133,188.00

Leasehold lands at nominal value..... 1.00

Buildings, plant, machinery, etc. at replacement values as appraised
in 1929 by the Canadian General Appraisal Co. Ltd., less
retirements and abandonments at such value, plus the cost of
subsequent additions..... \$ 5,083,562.29

Floating equipment at book values..... 1,137,225.52

\$ 6,220,787.81

Less—

Reserve for depreciation..... 3,747,997.32 2,472,790.49

Licences, trade marks, goodwill, etc.—at book values..... 1,108,793.09 3,714,772.58

Approved on behalf of the Board:

H. R. MacMILLAN, *Director.*

J. M. BUCHANAN, *Director.*

\$ 7,396,637.54

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of British Columbia Pacific Ltd. and its subsidiaries, and have obtained all the information and explanations which we have required. In connection therewith we have examined the supporting evidence, but the scope of our examination of the detail transactions was confined to the Income and Excess Profits taxes payable, this amount may be subject to adjustment. The above Consolidated Balance Sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view to the best of our information and the explanations given to us and as shown by the books and accounts.
Vancouver, B.C.
July 31, 1943.

Packers Limited

y Companies

et as at April 30, 1943

LIABILITIES

CURRENT LIABILITIES:

Sundry creditors, including accrued interest, etc.	\$	856,883.22
Reserve for taxes on income and other taxes (after payment of \$201,024.56 on 1942-3 taxes on income)	619,076.69	\$ 1,475,959.91

FIRST MORTGAGE BONDS:

Aggregate principal amount which may be outstanding	\$	2,000,000.00
(\$1,000,000.00 Series A were issued, of which \$200,000.00 have been redeemed, the remainder are available for issue subject to terms and conditions of Deed of Trust and Mortgage.)		
<i>Outstanding—</i>		
First Mortgage Serial Bonds payable \$50,000.00 annually on December 1 to 1944—redeemable at Company's option prior to maturity at 101%: 4½% Bonds	\$	100,000.00
Convertible 5% Fifteen-year First Mortgage (Sinking Fund) Bonds—maturing December 1, 1953—redeemable at Company's option to December 1, 1941 at 105% and thereafter at reducing premiums, to maturity; or convertible to December 1, 1943, at option of holders, into shares of the Company	700,000.00	800,000.00

CAPITAL AND SURPLUS:

CAPITAL—

Authorized:

390,994 Common Shares—no par value.

Issued:

136,279 Common Shares—no par value \$ 3,600,000.00

NOTE: 31,500 of the unissued Common Shares are held against the conversion privilege to the holders of 5% First Mortgage Bonds.

CAPITAL SURPLUS—

Arising from profits (net) on disposals of capital assets 123,623.03

DEFERRED SURPLUS:

Estimated refundable portion of Excess Profits tax—per contra 82,475.00

EARNED SURPLUS:

Per statement attached 1,314,579.60 5,120,677.63

CONTINGENT LIABILITIES:

Bills under discount, endorsements and guarantees, etc. \$639,938.10

\$ 7,396,637.54

ers Limited and its Subsidiary Companies for the year ended April 30, 1943, and have
erewith we have examined or tested the accounting records of the Companies and other
efined to limited tests thereof. While provision has been made for the estimated amount
upon review by the taxation authorities. We report that, based on such examination, the
true and correct view of the state of the affairs of the combined Companies, according
ks of the Companies.

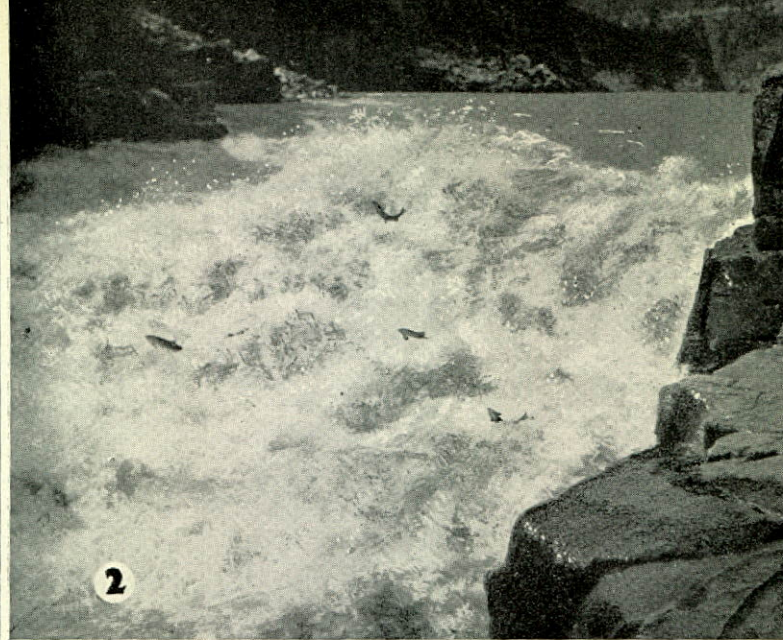
PRICE, WATERHOUSE & CO.,
Chartered Accountants.

British Columbia Packers Limited

and Subsidiary Companies

Consolidated Statement of Profit and Loss and Earned Surplus Account as at April 30, 1943

Sales (net)				\$11,936,481.50
<i>Deduct—</i>				
Cost of sales			10,079,791.10	
				<u>\$ 1,856,690.40</u>
 <i>Deduct—</i>				
Selling, administrative and general expenses, including interest on bank loans and bills payable, etc.			457,624.97	
				<u>\$ 1,399,065.43</u>
 <i>Deduct—</i>				
Depreciation	\$	332,423.92		
Interest on bonds		40,711.02		
Directors' fees		1,000.00		
Management and executive salaries		47,700.00		
Legal fees and expenses		3,926.95		
Provision for taxes on income		665,260.00	1,091,021.89	
				<u>\$ 308,043.54</u>
Profit for the year ended April 30, 1943				\$ 308,043.54
 <i>Add—</i>				
Surplus as at April 30, 1942			\$ 1,155,321.12	
 <i>Deduct—</i>				
Dividend paid	\$102,209.25			
Bond discount and expense—balance written off	46,575.81	148,785.06	1,006,536.06	
				<u>\$ 1,314,579.60</u>
Earned Surplus as at April 30, 1943				<u><u>\$ 1,314,579.60</u></u>



1 The launching of the "Southisle," one of two modern seine-boats built for British Columbia Packers Limited fleet in 1942 for pilchard and herring fishing. Capacity under hatches, 125 tons.

2 Salmon leaping the rapids at Hell's Gate in the Fraser River Canyon.

3 Girls of the British Columbia Packers Limited, Namu Cannery, stripping the lead line on a linen gill-net.

4 A giant sturgeon caught in the Fraser River on May 14th, 1943, and marketed by British Columbia Packers Limited. This fish weighed 794 pounds.



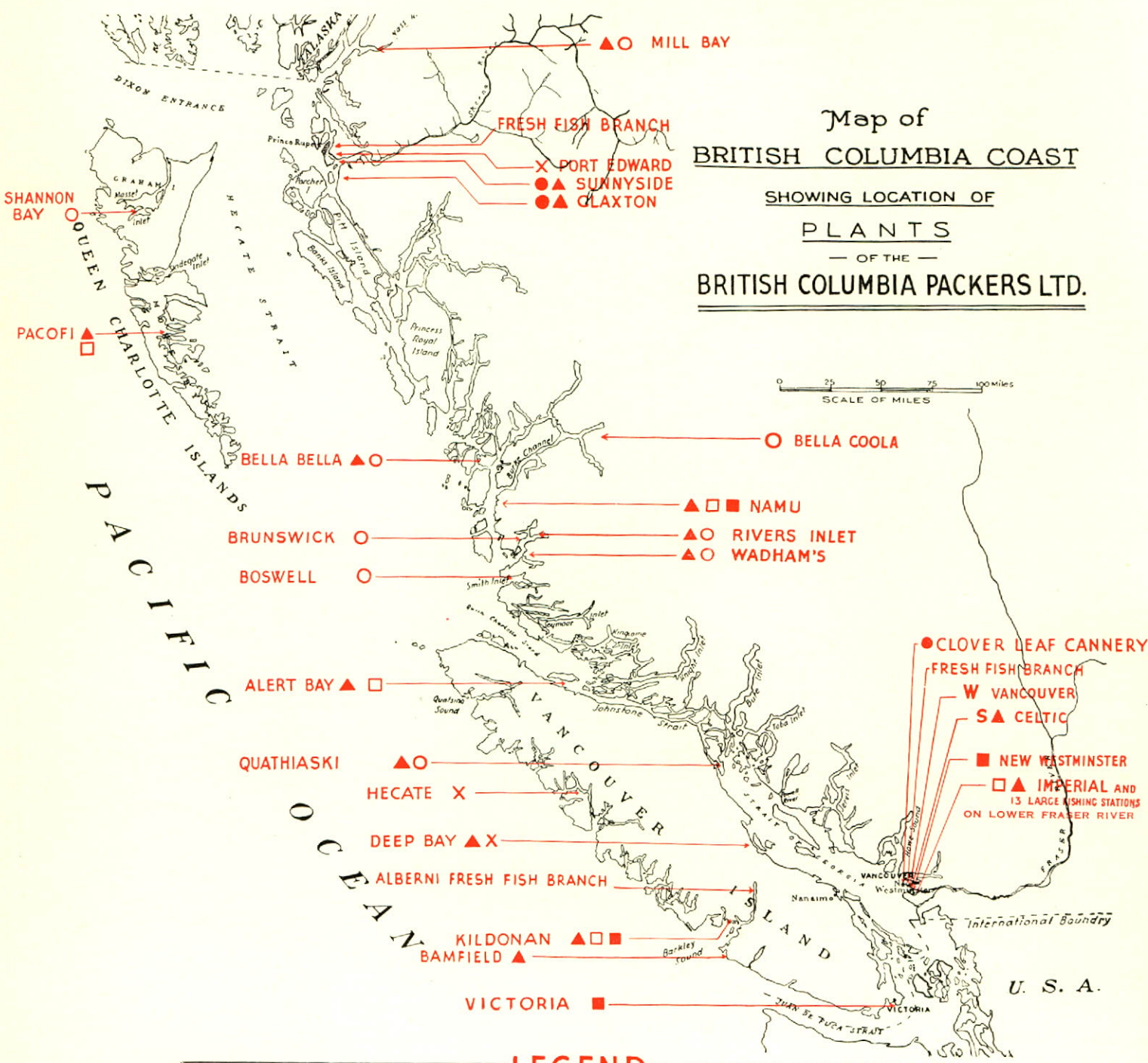
5 Seine-boat crews operating off the mouth of the Fraser River during the big sockeye salmon run in September, 1942.

6 A fighting, thrashing mass of "Clover Leaf" Sockeye Salmon appears as the seine is drawn in to the seine-boat.

7 British Columbia Packers Limited NAMU Plant, one of Canada's largest fish processing units, including salmon and herring cannery, cold storage and oil and meal plant.

8 Gillnet boats waiting to deliver their catch to British Columbia Packers Limited IMPERIAL Cannery at Steveston. This photograph was made during the peak of the sockeye salmon run in September, 1942.

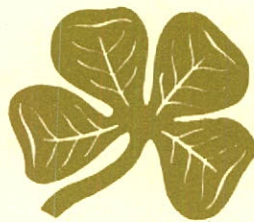




Map of
BRITISH COLUMBIA COAST
 SHOWING LOCATION OF
PLANTS
 — OF THE —
BRITISH COLUMBIA PACKERS LTD.

LEGEND

- CANNERIES.
- CANNERIES AND REDUCTION PLANTS COMBINED.
- X REDUCTION PLANTS ONLY.
- FORMER CANNERIES NOW OPERATED AS FISHING STATIONS.
- ▲ STORES CONTINUOUSLY OPERATED BY THE COMPANY SERVING BOTH THE PUBLIC AND EMPLOYEES.
- S SHIPYARDS.
- W WHARF, WAREHOUSE AND HEAD OFFICE.
- COLD STORAGE PLANTS.
- ▽ SMALL FRUITS AND CLAMS.



CLOVER LEAF SEA FOODS